

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2952 - HB 3209

February 21, 2012

SUMMARY OF BILL: Requires the Department of Education (DOE) to allocate funding to non-profit organizations approved, certified, licensed by the Department of Education, or approved by a court; funded by a state or federal grant; and that provide educational services to students who are under 18 years of age, are seeking their GED, and are in the custody of the Department of Children's Services (DCS). Requires the Commissioner of Education to pay the non-profit organization an amount equal to the per pupil amount of both state and local funds received by the local education agency where the organization is located. These payments shall be deducted by the Commissioner of Education from the total state payments that otherwise would have gone to the LEA.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$1,275,700/Department of Children's Services

Other Fiscal Impact – The Department of Education will shift \$1,275,700 from payments made to DCS and send this funding directly to non-profit organizations.

Assumptions:

- The Department of Education currently sends BEP funding (state and local) to the Department of Children's Services for the education of students in DCS custody. DCS sends the funding to the organizations under contract with DCS to provide education to children in custody.
- The DOE will no longer send BEP money for these students to DCS but will send this funding directly to the non-profit organization.
- The BEP per pupil expenditure is \$6,933.
- According to DCS, the number of impacted students is 184.
- The DOE will shift \$1,275,672 (\$6,933 x 184) from payments made to DCS and send this funding to non-profit organizations for the education of the 184 students.
- DCS places the BEP funding that it receives from DOE into a larger pool of funding that it uses to pay its providers for various services. DOE will not reduce its provider rates as a result of funding going directly to the non-profit organizations; therefore, DCS will increase expenditures to make up for this shift in funding since it will no longer have it available to pay its providers.

SB 2952 - HB 3209

- The increase in state expenditures for DCS will match the shift in funding to the non-profit organizations which is estimated to be \$1,275,672.
- If these students were not in state custody, LEAs would be responsible for their education. LEAs would receive the state BEP funds and would be required to fund the local match. Therefore, it is assumed that payments made to DCS for education are currently being taken from LEA funding. If so, there will be no decrease in state funding going to LEAs resulting from this bill. No increase in local expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

/msg